Service/Strategic Plan

2002-2005

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Letter from the President

BCBC's 2002-2005 Service Plan outlines its strategic direction and performance measures. It has been prepared pursuant to the Budget Transparency and Accountability Act (July 2000 and the amendments in August 2001) and the related "Guidelines for Government Organizations Service Plans" provided by the Crown Agencies Secretariat, Office of the Premier.

The 2002-2005 Service Plan is an ambitious plan, which articulates significant shifts for BCBC. This plan was developed to ensure that we deliver on five major action items resulting from the themes of our Core Services Review presentation. By 2005, we will have substantially delivered on each of these action items:

- Lead the rationalization of government accommodation
- Increase the role of the private sector and the use of Alternative Service Delivery
- Dispose of assets strategically
- Strengthen BCBC's shared services model
- Increase focus on health and education sectors and on efficiency of government's overall real property system

It is important to note that this Service Plan has been developed at a time when our customers are facing many challenges. As a result of government restructuring, customers' programs and delivery of these programs will undergo significant changes. BCBC is also awaiting clarification resulting from its submission to the Core Review and Deregulation Task Force. BCBC's 2003-2006 Service/Strategic Plan will reflect these further changes.

A strong foundation for the new 2002-2005 Service Plan was built when BCBC shifted its direction in 2000 to focus on customer success and innovative stewardship of public real estate assets. Progress made over the past two years has positioned the Corporation well to meet government expectations. The Corporate Vision created in 2000 continues to define a compelling future state. We will continue to concentrate our energies and resources on achieving this vision which is:

> *To be vital to our customers' success by creating flexible and affordable* workplace *environments that respond to their changing world of work.*
>
> *To be indispensable to our shareholder through our innovative stewardship of public real estate assets.*
>
> *As a result, we will earn respect and recognition as leaders in providing* ***"Best Solutions for Best Value."***

BCBC's three-year strategic direction is refined annually as part of its strategic management process. Each year, the Annual Report documents progress toward meeting the strategic objectives, goals and performance measures identified in the Service Plan.

Key performance measures have been included in the Plan and will continue to be monitored closely and refined over the next three years to ensure that we maintain focus and momentum towards achieving our vision.

Ultimately, our success in implementing this plan is dependent upon our employees. We are committed to providing a work environment in which our employees can succeed by being involved in decision-making and by having the information, skills and support to respond effectively to our customers and work with our suppliers.

Delivering on this Service Plan presents us with both challenges and opportunities. BCBC has built a strong foundation and has achieved much success in the past 25 years. We look forward to the new challenges presented and believe that BCBC will contribute significantly as a knowledgeable expert/advisor to government on real property and accommodation infrastructure services and as a strategic partner with its customers in delivering their programs.

This Service Plan has been approved by the Board of Directors.

Dennis F. Truss
President and
Chief Executive Officer

Corporate Profile

The mandate of British Columbia Buildings Corporation (BCBC) is confirmed, as established, under Section 4 (1) of the *British Columbia Buildings Corporation Act*, and amended under Section 2 of the *Miscellaneous Statutes Amendment Act (No.2), 1997 to be as follows*:

> "The purpose of the Corporation is to serve as an agency of the government in providing land and buildings for accommodation of ministries of government, public bodies and agents, corporate or otherwise, of the government by lease or licence or any other arrangement for the use and occupation of the accommodation."

This mandate includes the following responsibilities:

- to provide cost-effective real estate and accommodation services to the public sector (a service provider function);
- to contribute to its customers' success through a thorough understanding of its customers' needs and identifying related best value accommodation solutions; and,
- to fulfil an obligation to the shareholder to provide innovative stewardship of real property infrastructure.

The Corporation is highly decentralized, with approximately 850 employees strategically located in eight districts (including 70 service centres and satellite offices), and 60 per cent of BCBC's employees located outside of Victoria in locations throughout the Province. The portfolio of owned, leased and maintained properties, which BCBC administers on behalf of the Province, extends throughout almost 300 communities.

BCBC operates on the principle that the management of the delivery of these services is best provided through in-house expertise, but that most (80%) of the actual delivery is best accomplished through the private sector.

Core Services

BCBC currently operates three lines of business:

Strategic real property and accommodation infrastructure planning: the identification of customer program delivery needs; and, development of innovative accommodation and real property infrastructure solutions.

Portfolio management/stewardship of public real property and accommodation infrastructure: development of policy and standards; vacant space management; long term planning; acquisition and disposal analysis; return on investment; and, environment management.

Management of service delivery: management of operations and maintenance services; negotiation and management of leases with the private sector; and, planning and management of building construction, major capital upgrades, renovations and tenant improvements.

Enduring Purpose

The enduring purpose is the essence of the Corporation's vision, mission and core values. It is lived on a daily basis across the organization. BCBC's enduring purpose is:

"***Best Solutions for Best Value***"

By ***Best Solutions*** we mean contemporary and sustainable products and services that best meet the requirements of our customers, the communities they serve, and the interests of government.
By ***Best Value*** we mean providing our customers with a full range of cost-effective quality products and services at market-comparable prices.

Vision

Our vision statement describes a compelling future state that we believe is both ambitious and attainable.

We will be vital to our customers' success by creating flexible and affordable workplace environments that respond to their changing world of work.

We will be indispensable to our shareholder through our innovative stewardship of public real estate assets.

As a result, we will earn respect and recognition as leaders in providing "***Best Solutions for Best Value.***"

Mission

Our mission describes the purpose towards which we, as employees, commit our work life. The mission describes the business we are in, why we exist, what we produce and whom we serve.

We are a Crown corporation with a community presence throughout British Columbia.

Our mission is to support effective service delivery of government ministries, agencies of the Crown and other publicly funded organizations by providing real property and accommodation infrastructure solutions.

We do this by:

- efficiently planning and managing the provision of solutions;
- providing stewardship of the assets and resources entrusted to us; and,
- providing knowledgeable advice and expertise.

In carrying out our mission, we contribute to the sustainability of communities and our environment. Our mission is achieved by our diverse and motivated team of highly skilled employees working with the private sector.

Corporate Positioning

Corporate positioning describes what situates us uniquely in our business environment that causes our customers to want to do business with us. It builds on our enduring purpose.

We are a shared service provider to public sector organizations for real property and accommodation infrastructure services. We differentiate ourselves through our customer relationships, distinctive knowledge and effective work with the private sector.

We offer our customers choice and we earn their loyalty.

We provide "*best solutions for best value.*"

Core Values

These values represent our corporate and individual behaviours and define how we will treat our customers, suppliers and each other.

- We treat all individuals with fairness, dignity and respect.
- We are open and honest and demonstrate integrity in everything we do.
- We work to know our customers and treat them as partners.
- We make and keep our commitments – get the job done!
- We are flexible, innovative and proactive.
- We work with our customers to bring value to our shareholder and the taxpayer.
- We support one another to achieve corporate goals.
- We measure and monitor our performance to established targets.
- We support and develop our people to achieve our corporate and individual potential.
- We are socially and environmentally responsible in our business operations.

Planning Context

Assumptions

The following are the assumptions around which this plan was developed:

- The delivery of customer programs will be changed substantially as a result of government restructuring;
- Working with its customers, BCBC will lead the rationalization of accommodation and real property resulting from government restructuring;
- BCBC's overall portfolio of owned and leased properties will be rationalized and reduced significantly;
- BCBC will adjust its organization to align with changes in its business levels and will place higher reliance on the private sector;
- The Accommodation Agreement between the Corporation and its ministry customers will evolve to individual service level agreements as part of the enhancement of BCBC's shared services model;
- Alternative financing and service delivery options will be pursued;
- BCBC's legislation will remain intact;
- Current accountabilities for accommodation and real estate decisions will be retained, and BCBC will continue to work with the broader public sector; and,
- Technology continues to change how ministries are structured to deliver their programs and will result in fewer people working in traditional office spaces over time.

Key Challenges

As part of the environmental scan, trends and their impacts on BCBC were considered for each of the following areas: Socio-Economic/Economy; Government Goals/Governance/Shareholder; Customer Needs/Service Delivery; Human Resources; Technology/E-Business; Portfolio Stewardship; Facilities/Property Management; Real Estate Market; and Environmental Stewardship. A current state assessment (Strengths, Weaknesses, Opportunities and Threats) was also conducted. Key challenges were derived from this assessment.

The key challenges are as follows:

Governance
The challenge for BCBC is to retain its existing customers and meet their needs as governance models in the public sector continue to evolve. The Board of Directors and senior management will ensure that the Crown model and BCBC's mandate and supporting governance structure continue to provide the best approach for the Corporation to manage effectively the real property and accommodation infrastructure needs of the government and other public sector organizations.

Service Delivery Model
A key challenge for BCBC is to ensure that it continues to have in place an effective service delivery structure and supporting business processes and practices. The Core Services Review initiative, the resulting government restructuring and very challenging fiscal targets will impact our customers in many ways: they will need to reinvent their programs; they will have increased accountability for the delivery of their programs; and, they will have significant reductions in their accommodation requirements. To help its customers be successful, BCBC will need to continue to evolve from a transactional service provider to becoming a strategic partner. The Corporation will focus on providing innovative accommodation solutions that satisfy the customers' program delivery requirements. BCBC will enhance its current shared services model to provide more choice to customers and service level agreements will be developed with all customers. In addition, full-service workplace provisioning solutions and technologies that enable ease of access to information will be developed and offered to assist customer program delivery.

To optimize efficiencies, BCBC will also increase the use of the private sector in delivering real property and accommodation infrastructure services through strategic contracting out, outsourcing arrangements and/or public/private partnerships.

Socio-economic and Economic Conditions
To address continued capital funding and budgetary constraints and an under-performing provincial economy, the Corporation will be challenged to find creative solutions and alternative service delivery strategies, including public/private partnerships. In addition, BCBC will need to streamline its operations, including lowering overall and unit costs, to address revenue reductions stemming from government restructuring. Finally, an aging population, declining immigration rates and competition for skilled workers from other jurisdictions will present staff recruitment and retention challenges.

Stewardship
Continued careful management of the resources entrusted to it presents the Corporation with the greatest opportunities to optimize the value of the portfolio on behalf of the shareholder and current and future generations of British Columbians. BCBC is uniquely positioned, between the public and private sectors, to ensure that market efficiencies are realized and that public policy values are applied in its resource management decisions. A key challenge will be to achieve best value for the shareholder on the sale of surplus and selected other properties.

The Corporation will be challenged in continuing to plan effectively the government's real property and accommodation infrastructure needs throughout the communities of British Columbia.

BCBC is the steward of the single largest portfolio of buildings in the province; as such, continued efficient management of energy costs and greenhouse gas emissions will be critical. The Corporation's leadership in providing innovative, cost-effective, and environmentally sustainable solutions will be required in this time of budgetary restraint and government restructuring.

Human Resources

Our most vital resource is our people, and our greatest challenge is to increase our overall corporate performance by continuing to maximize the performance of our people and to strengthen the linkages between our human resource strategies and our business strategies. In the short term, a human resources challenge for BCBC will be to implement strategies to manage the restructuring and downsizing facing the Corporation and its customers while maintaining positive employee relations. In the face of short-term transitional issues, BCBC must prepare for longer-term, economy-wide labour supply challenges, including severe labour shortages in many areas. In this environment, a focus on knowledge management and retention strategies will be critical.

To meet the changing needs of our customers, the Corporation will continue to build the customer relationship and leadership/management competencies of our employees. Furthermore, modifications to training programs will be required to address new competency requirements as a result of the changing corporate role in service delivery and increased use and role of the private sector. Putting in place appropriate strategies to support our employees' efforts and individual development needs, and to recognize performance will be critical to both corporate and employee success.

Technology

Technology is having a major impact on the manner in which the public sector delivers services, and on the workplace environments that support such service delivery. As individuals become more proficient with Internet technology and public expectations for greater responsiveness increase, the traditional ways of doing business will be replaced largely by electronic business. In order to further enhance its ability to deliver accommodation services effectively, BCBC will continue to increase its employment of technology to improve cycle time; provide greater customer access to BCBC information, products and services; and, proactively help its customers integrate technology into workplace solutions.

Corporate Strategic Objectives

BCBC's response to the Core Services Review defined the direction for this three-year Service Plan. We are committed to delivering on five action items by 2005:

- Lead the rationalization of government accommodation
- Increase the role of the private sector and the use of Alternative Service Delivery (ASD)
- Dispose of assets strategically
- Strengthen BCBC's shared services model
- Increase focus on health and education sectors and on the efficiency of government's overall real property system

To respond to the challenges ahead, the Corporation has identified four strategic objectives which will be fully addressed in the next three years. Maximizing value to our customers and shareholder will result from the implementation of this Service/Strategic plan.

Objective 1 Customer Success
Provide best value solutions and service delivery which contribute to our customers' success.

As our customers restructure we will work with them to achieve significant accommodation cost savings. We will seek innovative solutions to ensure that the workplace solutions we provide support the delivery of their programs. BCBC's shared services model will be enhanced to provide broader choice options for our customers.

Objective 2 Strengthening Our Foundation
Strengthen the Corporation's shared service provider role and continue to implement best practices to optimize corporate performance.

We will reposition the Corporation to respond to changed business activity levels and higher utilization of the private sector. We will strengthen BCBC's shared services role by: implementing service level agreements with our customers; separating the governance functions from the service delivery functions within the Corporation; providing customers with more choice; and, assisting in reducing duplication in the provision of real property and accommodation solutions across government.

Objective 3 High-Performance Culture
Foster a high-performance culture to ensure corporate, team and individual success.

BCBC will be undergoing significant change as it repositions for the future. Recognizing that our continued success is dependent on the creativity and excellent performance of our employees, we will invest in our people so that they continue to acquire the competencies and leadership/management skills required to support BCBC's changing business. We will ensure that there is alignment between the Corporation's strategic objectives, employee performance goals, and individual learning plans.

Objective 4 Increase Shareholder Value
Leverage BCBC's capabilities to improve the efficiency and effectiveness of the public sector by providing innovative stewardship, advice and management of services related to real property and accommodation infrastructure.

We will capitalize on opportunities available to BCBC and its public sector customers to rationalize inventory, eliminate duplication and overlap among agencies, facilitate collocation, maximize use of affordable, innovative workplace solutions, and bring economies of scale and scope to the management of properties and facilities. We will continue to apply the principles of sustainability throughout our business.

Corporate Strategic Objectives, Goals and Strategies 2002-2005

For each of our strategic objectives we have identified goals to be achieved over the next three years. The four Strategic Objectives state the broad intended results of the Service/Strategic Plan, while the Goals translate these objectives into more specific desired outputs and outcomes. For the purposes of performance tracking, each year these goals are annualized and performance results are reported in the Annual Report. Strategies have been developed to achieve these goals.

Objective 1 Customer Success
Provide best value solutions and service delivery which contribute to our customers' success.

Goals

1.1 Increase customer satisfaction
1.2 Retain customers
1.3 Achieve Building Occupancy Charges (BOC) savings to customers
1.4 Meet customer needs for choice and full service workplace provisioning

Strategies

1. Optimize savings by leading the rationalization of accommodation and real property infrastructure related to each customer's new business direction.
2. Integrate choice as a key component of BCBC's enhanced shared services delivery model.
3. Offer full-service workplace provisioning solutions to meet customer needs.
4. Implement the Customer Relationship Management System.

Objective 2 Strengthening Our Foundation
Strengthen the Corporation's shared service provider role and continue to implement best practices to optimize corporate performance.

Goals

2.1 Implement the enhanced shared services model
2.2 Increase efficiency and decrease overall and unit costs
2.3 Increase use of the private sector
2.4 Implement cost-effective information technology solutions that meet our customer needs

Strategies

1. Implement the enhanced shared services model.
2. Increase the use of and the role of the private sector in service delivery and property redevelopment through alternative approaches including outsourcing.
3. Define and implement the shift in the service delivery role to owner's/customer's representative/advisor.

4. Restructure and streamline the organization to enhance overall performance and align with BCBC's shared services model, customer focus, lower revenues, greater use of the private sector, and other government priorities.
5. Review and improve our business practices, systems, and processes to enhance our corporate performance and to effectively respond to customer, shareholder and employee needs.
6. Continue to implement information technology solutions to enhance our customer and corporate performance.

Objective 3 High-Performance Culture
Foster a high-performance culture to ensure individual, team and corporate success.

Goals

3.1 Ensure that the Corporation has an appropriately skilled and diverse workforce to achieve its business priorities

3.2 Achieve full employee participation in the Performance Development Process

3.3 Achieve a high level of understanding among employees of how their work contributes to the Corporate Service/Strategic Plan

3.4 Increase employee satisfaction

Strategies

1. Implement human resource strategies to ensure that the Corporation has an appropriately skilled and diverse workforce to achieve its business priorities.
2. Develop and/or acquire the critical competencies to support the achievement of our strategic objectives and encourage employee flexibility, innovation and continuous learning.
3. Develop and apply change strategies to manage the organizational transformation.
4. Align team and individual performance and learning goals with our strategic objectives and core values through our performance development process.

Objective 4 Increase Shareholder Value
Leverage BCBC's capabilities to improve the efficiency and effectiveness of the public sector by providing innovative stewardship, advice and management of services related to real property and accommodation infrastructure.

Goals

4.1 Achieve targeted financial results

4.2 Maintain office vacancy rates below market

4.3 Reduce environmental risks and hazards, and manage environmental liabilities

4.4 Increase utilization of Public/Private Partnerships (P3s) and maximize private sector contributions

4.5 Maximize value on properties sold

4.6 Enhance overall performance of owned portfolio

4.7 Increase support to Health, Education and other government sectors for their real property and accommodation infrastructure requirements

Strategies

1. Pursue Public/Private Partnership (P3) solutions for new initiatives.
2. Continue to implement best-practice portfolio management plans, which achieve an appropriate balance of leased/owned properties, earn market comparable returns on our real estate and manage associated risks.
3. Accelerate the sale of surplus and selected other properties to contribute to improving the province's fiscal situation while enhancing corporate performance. In particular, develop innovative strategies for the re-use and/or disposal of properties no longer required due to government restructuring, including:
    - Court facilities
    - Corrections facilities
    - Highways Yards
    - Forest District Offices
4. Identify and pursue opportunities to increase the efficiency of the management of real property and accommodation infrastructure in the broader public sector, particularly health and education.
5. Continue to implement the Environmental Stewardship Plan.

Strategy Map

BCBC's strategy map presents a visual representation of the cause-and-effect logic of the Corporation's strategy. Adapted from the Balanced Scorecard approach[1], BCBC's strategy is presented in four perspectives: A) Customer; B) Shareholder; C) Internal processes; and D) Learning, people and technology.

Referring to the high-level strategy map presented below, the foundation of the Corporation's strategy is the learning, people and technology perspective. In other words, the Corporation must have a "high performance culture", with the required information technology solutions in place, to be successful. Moving upwards in the diagram, the internal process perspective presents the strategies which will be implemented to achieve the Corporation's vision, including strategies associated with the Customer Success, Strengthening our Foundation and Increasing Shareholder Value strategic objectives. The top level of the strategy map refers to how the Corporation is viewed from the perspectives of its customers and shareholder. These perspectives relate to the Corporation's vision to be "vital to our customers' success" and "indispensable to our shareholder", thereby providing "Best Solutions for Best Value."

This strategy map was used to develop the Corporation's performance measures (presented in the following section), to ensure that the measures were directly linked to the Corporation's strategy, and appropriately "balanced" among the four perspectives.

[1] Kaplan, Robert S. and Norton, David P. (2001). ***The Strategy Focused Organization***. Boston: Harvard Business School Press.

Performance Measures

The performance measures presented in this section have been modified to reflect the Corporation's revised direction as presented to the Core Review and Deregulation Task Force. As this process is not yet completed, the Corporation's ability to establish firm methodologies and three-year targets is constrained by the timing required for publication of this Service/Strategic Plan. A key initiative will be to define methodologies, establish baselines, review benchmark data (where available) and set targets for each of the performance measures. Measures and targets specified as "to be determined" (tbd) will be developed in 2002-2003 and incorporated into the 2003-2006 Service/Strategic Plan.

Goals	Measures	Targets 02/03	03/04	04/05
1. Customer Success				
1.1 Increase customer satisfaction	• Customer satisfaction index (CSI) rating	70%	72%	80%
1.2 Retain customers	• Percentage of customers and associated revenues retained	95%	95%	95%
1.3 Achieve Building Occupancy Charges (BOC) savings to customers	• Total annual BOC savings realized from government restructuring	$30M	$55M	$60M
1.4 Meet customer needs for choice and full service workplace provisioning	• Survey index ratings for customer choice	67%	70%	75%
	• Survey rating of extent to which full service workplace provisioning solutions meet customer needs	tbd	tbd	tbd
2. Strengthening Our Foundation				
2.1 Implement the enhanced shared services model	• Percentage of customers with Service Level Agreements in place	100% Ministry customers	100% all customers	New measure developed
2.2 Increase efficiency and decrease overall and unit costs	• General and administrative costs (excluding workforce adjustment costs)	12% < 2001/02	13% < 2001/02	20% < 2001/02
	• Operations and maintenance costs per square metre for owned office buildings	2% < benchmark	3% < benchmark	5% < benchmark
	• Lease costs per square metre	< benchmark	< benchmark	< benchmark
	• Corporate operating margin	16.1%	15.4%	17.9%
	• Ratio of area managed per operations and maintenance (O&M) employee (m^2/employee)	tbd	tbd	tbd
	• Energy intensity (MJ/m^2)	1173	1166	1153

Goals	Measures	Targets 02/03	03/04	04/05
2.3 Increase use of the private sector	• Percentage of corporate expenditures with the private sector	> 80%	> 83%	≥ 90%
2.4 Implement cost-effective information technology solutions that meet our customer needs	• Percentage of customers indicating that BCBC's information technology solutions fulfilled their expectations	tbd	tbd	tbd
3. High-Performance Culture				
3.1 Ensure that the Corporation has an appropriately skilled and diverse workforce to achieve its business priorities	• Human capital return on investment (ROI)	tbd	tbd	tbd
	• Rate of absenteeism	< 3%	< 3%	< 3%
	• Investment in training per employee	tbd	tbd	tbd
	• Percentage of employees from designated equity groups	39%	42%	45%
3.2 Achieve full employee participation in the Performance Development Process	• Overall PDP participation rate	90%	95%	100%
3.3 Achieve a high level of understanding among employees of how their work contributes to the Corporate Service/Strategic Plan	• Percentage of employees indicating a strong understanding of how their job fits into the attainment of Corporate objectives	65%	70%	75%
3.4 Increase employee satisfaction	• Percentage of employees indicating "satisfied" or "very satisfied" on employee survey	66%	70%	75%
4. Increase Shareholder Value				
4.1 Achieve targeted financial results	• Net income	$33.8M	$43.3M	$56.2M
	• Return on investment	8.0%	8.3%	9.8%
	• Return on equity	11.1%	13.2%	15.7%
4.2 Maintain office vacancy rates below market	• Office vacancy rate	-	-	Less than half of market
4.3 Reduce environmental risks and hazards, and manage environmental liabilities	• Status of risk management activity (contaminated sites)	90% remediation not applicable/ complete/ underway/ planned	100% remediation not applicable/ complete/ underway/ planned	100% remediation not applicable/ complete/ underway
	• Percentage of pollution prevention operating practices and infrastructure in place	95%	95%	95%

Goals	Measures	Targets 02/03	03/04	04/05
4.4 Increase utilization of Public/Private Partnerships (P3s) and maximize private sector contributions	• Dollar value of P3 contracts	$10M	$20M	$75M
4.5 Maximize value on properties sold	• Net gains on sale of properties	$6.0M	$13.8M	$17.4M
4.6 Enhance overall performance of owned portfolio	• Financial performance of owned portfolio (tbd)	tbd	tbd	tbd
4.7 Increase support to Health, Education and other government sectors for their real property and accommodation infrastructure requirements	• Level of support provided to Health, Education and other government sectors (tbd)	tbd	tbd	tbd

Performance Measure Descriptions

A description of each performance measure, including its purpose, is provided in this section. Where possible, the Corporation is committed to benchmarking these measures against industry standards, and/or ensuring that comparisons against past performance are made. Instances where benchmark comparisons will be made in 2002-2003 are noted.

Customer satisfaction index (CSI) rating – Each year decision-makers among BCBC's customers are surveyed by an independent consulting company on key service attributes in the following categories: service, quality, responsiveness, choice and total cost. The customer satisfaction index rating represents the overall average response to each of these categories. This measure will be compared against industry benchmarks.

Percentage of customers and associated revenues retained – Customer retention is presented in terms of both the number of existing customers retained and their associated revenues. Thresholds have been set to capture over 90% of customer revenues. Retention is considered a representation of customer loyalty, which provides another indication of the extent to which the Corporation is contributing to customer success.

Total annual BOC savings realized from government restructuring – The Corporation has been appointed by government to strategically manage accommodation restructuring in response to the Core Services Review and budget process. This measure identifies total cost savings expressed as Building Occupancy Charges (BOC) reductions achieved by ministry customers in achieving this restructuring.

Survey index rating for customer choice – The Customer Satisfaction Index (CSI) includes attributes relating to customer satisfaction with the extent of choice offered by the Corporation. The measure is calculated as the average rating on these service attributes. This measure will be an important indication of the extent to which customer needs for greater choice are realized.

Survey rating of extent to which full service workplace provisioning solutions meet customer needs – To meet customer needs for full service workplace provisioning, the Corporation will work with other agencies to provide bundled solutions to customers (e.g., space that includes information system infrastructure). As part of post-project assessments, customers will be surveyed regarding the extent to which these solutions fulfilled their needs.

Percentage of customers with service level agreements in place – The development of service level agreements with customers is an important milestone on the Corporation's implementation of the enhanced shared services model. This measure will track the extent to which these agreements have been developed and implemented and will provide an indication of the Corporation's progress towards putting the enhanced model in place.

General and administrative costs – General and administrative (G&A) costs include functional activities within the Corporation that are not directly recovered from customers. This measure provides one indication of the Corporation's ability to manage its overhead costs. One time workforce adjustment costs are excluded in order for the measure to provide a better indication of the goal.

Operations and maintenance costs per square metre for owned office buildings – This measure includes all costs associated with operating and maintaining a building, excluding structural maintenance and taxes. It is presented in terms of costs per square metre for the office building component of the Corporations' portfolio to allow benchmark comparisons to be made.

Lease costs per square metre – Leasing costs are benchmarked every two years against the market to ensure that these costs remain appropriate.

Corporate operating margin – Operating margin is calculated as total revenue, less expenditures (excluding interest expenses), expressed as a percentage of revenue. This measure provides an indication of gross profitability of operating activities before financing costs.

Ratio of area managed per operations and maintenance (O&M) employee (m^2/employee) – Area managed per O&M employee is calculated as total rentable area managed divided by employees with operations and maintenance responsibilities. This measure provides an indication of the efficiency of the Corporation's property management function.

Energy intensity (MJ/m^2) – The measure tracks energy consumption on a per square metre basis for BCBC's significant buildings; providing an indication of the Corporation's energy efficiency, and thereby the effectiveness of its energy management program.

Percentage of Corporate expenditures with the private sector – This measure isolates expenditures to the private sector, and presents them as a percentage of overall expenditures. A high percentage indicates that the Corporation is effectively utilizing the private sector in service delivery.

Percentage of customers indicating that BCBC's information technology solutions fulfilled their expectations – Customers that have been offered information technology solutions will be surveyed to assess the extent to which those solutions fulfilled their predefined expectations. This measure, therefore, provides an indication of the Corporation's success in improving customer efficiency and effectiveness through information technology solutions.

Human capital return on investment (ROI) – This measure tracks the value-add of investing in the Corporation's human assets. It is represented as the dollar return the Corporation generates for every dollar it invests in its people. Human Capital ROI is a key measure in the human resources field; it will be benchmarked against comparative organizations.

Rate of absenteeism – This measure monitors the level of paid sick leave in the BCBC workforce. The rate is total paid sick hours expressed as a percentage of total work hours for the reporting period. Absenteeism provides an indication of workforce wellness and morale. This measure will be benchmarked against similar organizations.

Investment in training per employee – This measure demonstrates the investment the Corporation is making in employee training on a per employee basis. Given the current labour shortage and an increasingly competitive marketplace, this measure is an important indicator of the prominence of training in the Corporation. It will be benchmarked against industry standards.

Percentage of employees from designated equity groups – This measure monitors the Corporation's progress in bringing women, aboriginal peoples, people from visible minority groups, and persons with disabilities into the organization. It provides an indication of the organization's success in creating a working environment that is welcoming.

Overall Performance Development Process (PDP) participation rate – This measure tracks the extent to which individuals complete and submit learning plans at the beginning of the year, and summaries at the end of the year, within the Corporation's Performance Development Process (PDP). The PDP is BCBC's key initiative for ensuring that individuals are working to achieve performance goals consistent with strategic objectives.

Percentage of employees indicating a strong understanding of how their job fits into the attainment of Corporate objectives – Successful implementation of the Corporation's strategy involves ensuring that everyone in the Corporation understands their role in achieving the strategic objectives. This measure tracks the average percentage of respondents to the employee survey who selected "agree" or "strongly agree" to the question: I have a good understanding of how my job fits into the attainment of [Corporate] objectives.

Percentage of employees indicating "satisfied" or "very satisfied" on employee survey – A key question on the employee survey asks employees to rate their level of satisfaction with the Corporation. This measure tracks the percentage of respondents who selected "satisfied" or "very satisfied" to this question. Employee satisfaction is considered a good indictor of the well-being of the corporate working environment.

Net income – Net income is a common measure of an organization's "bottom line." It is calculated as revenues (including gains on sale of properties) less expenditures.

Return on investment (ROI) – ROI is calculated as net income (less interest expense) divided by average net asset value over the period. Expressed as a percentage, the measure indicates the gross return (before financing costs) generated on the Corporation's assets.

Return on equity (ROE) – ROE is calculated as total net income divided by average equity over the period. Expressed as a percentage, the measure indicates the return being generated on the shareholder's equity investment in the Corporation.

Office vacancy rate – This measure presents the ratio of vacant office space to total rentable office space. When compared against industry benchmarks, this ratio provides an indication of the Corporation's effectiveness in ensuring that the office portfolio is effectively utilized.

Status of risk management activity (contaminated sites) – This measure provides "snapshots" of BCBC's activities in managing contaminated sites. By monitoring the movement of sites from the preliminary investigation stage, to the development of plans and eventual remediation, the measure provides an indication of the extent to which risks to the Corporation are managed and reduced.

Percentage of pollution prevention operating practices and infrastructure in place – This measure is based on the premise that pollution prevention (P2) can be achieved through the implementation of the appropriate operating practices and complementary infrastructure at applicable sites throughout the province. The overall rate is determined by averaging completion rates among eight categories within each district.

Dollar value of P3 contracts – This measure tracks the annual dollar value of P3s under contract through BCBC, as well as the total value of these contracts. The measure demonstrates the extent to which the private sector is being utilized as the main source of capital for major projects.

Net gains on sale of properties – This measure indicates the contribution to the Corporation's net income from the sale of properties. Net gains are calculated as total sales proceeds (net of selling costs) less the total current book value (at the time of sale) of properties sold.

Financial performance of owned portfolio (tbd) – This measure will provide an indication of the extent to which the portfolio of buildings owned by the Corporation are generating acceptable financial returns.

Level of support provided to Health, Education and other government sectors (tbd) – BCBC is committed to providing support to Health, Education and other government sectors for their real property and accommodation infrastructure requirements. This measure will provide an indication of the extent to which this support is being provided.

Summary Financial Outlook
2002/03 – 2004/05

($000)	2001/02 (forecast)	2002/03 (budget)	2003/04 (forecast)	2004/05 (forecast)
Revenues				
Ministry	336,783	314,571	289,827	281,846
Non-Ministry	125,200	113,800	115,400	115,400
	461,983	428,371	405,227	397,246
Expenses				
Lease Costs	132,998	125,106	114,699	114,643
Operations & Maintenance	83,067	79,507	78,165	73,204
Environmental Projects	7,700	6,400	6,400	6,400
Client Projects	36,843	31,300	28,883	21,705
Customer Service & Admin.	46,150	35,381	36,101	32,312
Energy	23,310	21,398	20,406	19,681
Taxes & Grants	19,000	19,105	19,123	19,094
Amortization	41,680	41,392	39,000	39,014
	390,748	359,589	342,777	326,053
Income from Operations	**71,235**	**68,782**	**62,450**	**71,193**
Interest	39,601	40,949	32,974	32,441
Income before Gains	**31,634**	**27,833**	**29,476**	**38,752**
Gains on Sale of Properties	6,200	5,979	13,777	17,398
Net Income	**37,834**	**33,812**	**43,253**	**56,150**

Please refer to the table of assumptions and risks/sensitivities associated with these financial projections.

Key assumptions and risks/sensitivities associated with the financial projections are:

Key Assumptions	Forecast Risks and Sensitivities
▸ Projections are based on planned ministry restructuring as of January 7, 2002	▸ A 10% change to the timing and/or extent of ministry restructuring will impact revenue and associated costs by $3-5M per annum
▸ The Corporation will take aggressive steps to mitigate the ongoing cost of vacant space	▸ Market conditions will heavily influence BCBC's ability to minimize vacant space costs
▸ Gains on sale of properties are based on anticipated sale dates and estimated proceeds	▸ The value and timing of property disposals is largely dependent on market conditions
▸ Energy expenses are based on future projections of unit prices and normal weather patterns	▸ A 10% change in energy unit prices and/or consumption impacts expenses by approximately $2M per annum
▸ Short term interest rates are assumed at 2.9%, 4.3%, and 4.9% for each respective year	▸ A 1% change in short term interest rates impacts expenses by approximately $0.6M per annum
▸ Long term interest rates are assumed at 6.5%, 6.7% and 7.3% for each respective year	▸ A 1% change in long term interest rates impacts expenses by approximately $0.3M in 2003/04 and 2004/05
▸ Project volume is dependent on timing and approval of BCBC and ministry capital projects	▸ A $10M change in capital levels will inversely impact net expenses by $0.5M

Glossary of Terms

Accommodation Infrastructure
Accommodation infrastructure includes the building, workplaces, and workplace tools, such as furniture and telecommunications.

Customer Relationship Management
Customer Relationship Management is a business strategy designed to improve and strengthen customer relationships through better customer knowledge and service. The outcome of effective CRM is increased customer retention. Using account management and service delivery management, including the use of private sector suppliers, CRM employs people, process, and technology strategies to create customer value - specific to the unique needs of each customer.

Knowledge Management
Knowledge management is the process of identifying, capturing, and transferring information and knowledge that BCBC can use to create customer value and improve service delivery.

Real Property
The term "Real Property" refers to both land and associated improvements. It includes buildings and other affixed infrastructures.

Shared Services
Shared services is one of a continuum of Alternative Service Delivery (ASD) options. Shared services means the sharing and leveraging of resources, people and information to more effectively and efficiently meet the business needs. Shared services have the following features in common: shared services operates as a separate entity; location may not be headquarters; fully loaded costs are charged back to the customer; no duplication of services is permitted.

Stewardship
The preservation and enhancement of the assets and resources that have been entrusted to us by the shareholder and future generations.

Supply Chain Management
Supply chain management involves identifying, selecting, monitoring, and improving the process by which suppliers provide resources to our customers. The interface and relationship between suppliers and our customers is closely managed to ensure service delivery meets the needs of each customer.

Sustainability
Sustainability is responsible stewardship of our natural, human and financial resources so that we can continue in business indefinitely without compromising the environmental, social or economic systems within which we operate.